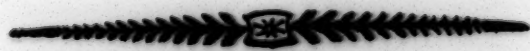


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# CONSIDERATIONS,

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# CONSIDERATIONS

ON THE

## NEGOTIATION

FOR

REDUCING THE RATE OF INTEREST

ON THE

## NATIONAL DEBT OF IRELAND.



ADDRESSED

To the Holders of Four per Cent. Debentures,  
and Treasury Bills at 3d. per Day.



DUBLIN:

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M,DCC,LXXXVIII.







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T • T H E

HOLDERS OF STOCK

I N T H E

FUNDS OF IRELAND.

LADIES AND GENTLEMEN,

THE mode which is proposed to be adopted for reducing the interest on a principal part of the funds of this kingdom, when investigated and felt, must equally surprise and alarm every person interested therein. With a view of disclosing the true nature of the negotiation, and its certain operation, is the object of the following pages ;

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in order, that by diffusing a knowledge of the evil, some mode of averting the impending danger may be adopted, whether by petition to Parliament, or otherways.

The very precipitate manner in which this business is likely to be effected, gave but a few hours to the Writer to throw together these few loose *considerations*---and will, he hopes, plead for the incorrect and discursive form of their appearance---satisfied to resign the claim of an elegant writer on a dry subject, to the wish of rousing to a sense of their situation the multitude who are interested herein.

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# CONSIDERATIONS,

£c. £c. £c.

**SINCE** money has become the medium of commerce—and its abundance or scarcity the test of national wealth :—Since it is become the source of existence—and the prop to consequence ;—the object of law, —and the hand of justice ;—the sinew of war,—and a preserver of peace :—Since, in short, it is the one great object of civil society, it is no wonder, that every circumstance which tends to its increase or diminution,—or to affect its estimation, should be peculiarly interesting to mankind.

The wants, the policy, and the ambition of governments, seconded by the abun-



dance of wealth in private hands, have created national debts in different countries; and these debts, affected by the circumstances of times, have become, in some degree, like commodities in trade, subjects for speculation amongst monied men. In the confidence of their security, they are of intimate concern to a numerous tribe, whose wealthy indolence keeps them from the bustle of trade, or the trouble of landed rents. They are of like concern to the orphan,—to the widow,—to the minor,—to a large and helpless race;—to Insurance and Annuity Companies to a great extent; and in these latter, involve interests of the tenderest nature to the human heart.

Since then that national debts and funding have been established, and have become so interwoven in the political consequence of governments, that they present so conspicuous a figure in state pictures; wise ministers and legislatures have watched, with an attentive eye, every circumstance

stance likely to affect their rise or fall, and have taken advantage of such as promised to serve the state, *consistent with the justice which was due to the claims of individuals.*

The rights and property of the citizens, indeed, not being held so sacred in France and some other countries, as they naturally claimed, have, at various periods, induced the grossest violations of public honour, at the expence of the suffering creditor—but in England, where these rights have been accurately ascertained, and always held sacred, we never hear of such invasions.—The rule of justice which governs the transactions of private men, is employed there in those of public ministers and legislators; and this sentiment is so steady and consistent, as to have justly merited the approbation of surrounding nations; and has produced the following observations by the celebrated NECKER:—"That  
 " one great advantage which the possessor  
 " of British stock acquires is, that whilst  
 " his security is obvious, and his interest  
 " punctu-

“ punctually paid,—every change or regulation for the benefit of the state, or the holder of stock, is conducted in so open, candid, and disinterested a manner, as marks with peculiar honour the transactions therein.”

How far these observations will apply to the present negotiation for the reduction of the interest on our national debt, is submitted to the consideration and feeling of every person interested in that very momentous question, when the following statement is laid before them.

The Chancellor of the Exchequer has negotiated a bargain for two lotteries and loans for the years 1788 and 1789, of 40,000 tickets each, at 5*l.* per; the loan for 1788 for 400,000*l.* on debentures at three one-half per cent. to replace that amount of the four per cents. and 238,900*l.* treasury bills, at two-pence halfpenny per day, to replace that amount of treasury bills at three-pence per day.—The loan  
for



for 1789, which accompanies its lottery, is 518,210*l.* at three one-half per cent. to replace so much of the four per cents. being the entire remainder of that stock—and 340,850*l.* on treasury bills, at two-pence halfpenny per day, to replace that amount of treasury bills now existing at three-pence per day, being the entire remainder of the treasury bills of that description.

By this change of one denomination of stock for another, the Chancellor stated, that the advantage to the nation on this regulation would be 143,763*l.* 15*s.* rating the three one-half per cents. at 87*l.* 10*s.* and the treasury bills at two-pence half-penny per day at 95*l.*

But this statement cannot be admitted, as it fixes the value of debentures and treasury bills evidently too low, as the price of treasury bills at two-pence half-penny per day is now 100*l.* and debentures of three one-half per cent. at 90*l.*  
at

at which rates it will be but fair to state they will continue, as no new stock is brought into the market—on the contrary, there is an increase of capital to the amount of the difference received by the holders of the four per cents. and the price paid by them for debentures at three one-half, rating which at ten per cent. on the whole sum of debentures changed, being 918,210l. there will be a difference of 91,821l. which must come in to the market—and this, in fact, is the sum given by the subscribers for the two lotteries, and not 143,763l. 15s. as stated by that gentleman.

Another advantage is given to the contractors by the artful subsequent notice (not to use a harsher phrase) of another subject, materially operating on the contract;—for certainly, the agitating the question, *respecting the reduction of legal interest*, after a bargain is made for so large a portion of the national funds, as the whole of the four per cents. and treasury

fury bills, was highly unfair—for by this, an advantage of four or five per cent. is given to the contractors, and taken out of the pockets of the stock-holders.

Let us look to the loan for 1787—For that year it was for 200,000*l.* at three one-half per cent. and 100,000*l.* treasury bills at two-pence halfpenny per day.—Now compare this with that of 1788, and see the difference:—No less than 400,000*l.* at three one-half per cent. and 238,900*l.* treasury bills at two-pence halfpenny per day!—more than double that of the preceding year!—With this increasing capability in the public,—what might be the expectations of a wise minister for 1789?—Why certainly that the three one-half per cents. would get up to 95, and, managing cautiously, he might be confident of a reduction of the whole of the four per cents, and have a surplus of 50,000*l.* in money to be applied to the reduction of the national debt.



To shew that these assertions are not unfounded, or unreasonable, it is only necessary to observe, what is very well known, that considerable bargains were made by the subscribers to the loan of 1787—for the scrip. of the three one-half per cents. of that year brought 92l. 10s. and 95l.—This fact is incontrovertible.

But it is feared some covert purpose governed this transaction.—It would be unjust to suppose, that the minister, or his connections, have had any share in this *unprofitable* bargain to the nation.—Some delusion must have been practised on easy credulity—But the principle must be execrated.

But the delusion of the statement to the House of Commons is but a small part of the evil, for by the scheme itself, the whole debt of the nation is put into the hands of a few individuals, to be by them retailed out, at such prices, and in such quantities, as they may think proper;—  
and

and so raise and depress the stocks as their arts, their whim, or their fancy may direct.—This is an evil of such magnitude, as must give the most sensible alarm to monied men, who are thus left a prey to the monopolizing views of a few individuals.

When a wise minister proposes reducing the rate of interest on the national funds, he does it with the most wary circumspection. He considers what numbers of persons must be affected by it, whose sole property being vested in them, have no resource but in increased œconomy.—He considers how many charitable foundations have their little capitals vested here also.—With a heart sympathizing in their distresses, he considers the case of the widow, and the long melancholy train of unprovided younger children, each deprived of one-eighth of their income.—And though he thinks that the public good should supersede all other considerations, yet, if he is equally just as wise, he will give to

these (and not to the greedy host of monopolizers) every advantage which the nature of the transaction can admit, and which their being the holders of the stock gives them a claim to expect.

If it be asked, how are the stock-holders affected?—Or what should have been the conduct of the negotiator in respect to them? It may be answered, that they were in justice entitled to the offer of an exchange of three one-half per cents. for their four per cents. at the price which it has been given at to the present contractors. And in fact it may be affirmed with confidence, that the stock-holders would willingly have taken them at a higher price than that now given, which is really but 85l. per cent. for the three one-half per cents. because there is an advantage of two one-half per cent. to them, in accommodation on the payments ;—and as treasury bills at three-pence per day became due, those at two-pence halfpenny would have been readily accepted in their room.

Observe



Observe in respect to treasury bills, payable in 1794, for which the holders gave a premium of 5l. 13s. 9d. this is lost by the anticipation of payment; and the premiums have been generally such as to reduce the rate of interest received by the holders to 3l. 8s. and 3l. 10s. per cent. Can there therefore be any doubt, but that the holders of treasury bills would have gladly received those at two pence halfpenny at par?

Indeed every hour reflects a new light on the transaction, to justify our opinions, for it is *now* known, that the whole of this lottery for 1788, is already disposed of at 7l. per ticket,—and consequently a profit of 80,000l. is thrown into the hands of the contractors!

The four per cents, it is to be observed, were *above* par before the change of interest was thought of; but at par the three one-half per cents, are worth 87l. 10s.—Now 50,000l. of the above profit of 80,000l. would

would have satisfied the present holders of the 400,000*l.* stock, by giving, in lieu of each four per cent. debenture, one at three one-half per cent. and the sum of 12*l.* 10*s.* in money.

Let it be noticed, that in no part of this reasoning, is there any such object in view, as opposing the measure of a reduction of the legal interest of money in this kingdom.—We think it a wise and salutary measure for the trading and landed interests.—But the not introducing the question into the house before the bargain for loan and lottery was made, has been a loss to the nation to a considerable amount. We know not how to account for such a strange and mysterious business.

The more the subject is considered, the more erroneous will the principle be found, of negotiating a change of stock by any other medium than that of the present actual stock-holders ; and the error is multiplied in an alarming degree, when we see the

the minister extending the benefits of the bargain for TWO years ; by which, whilst he avows to propose a relief for the contractors, in case of a war, he totally deserts the interests of the country, by overlooking the essential advantages which our increasing prosperity would naturally give him at a future year, under the continuance of peace.—There is an unaccountable blindness in this measure, for which the nation is likely to pay 50,000*l.* for so much at least must be the loss by this improvident negotiation, as well as the palpable injustice in the act to the uninformed stockholders—but “ When policy assumes the  
 “ language of honour and frankness, it is in-  
 “ stantly detected by a kind of discordance  
 “ and awkwardness, by an appearance of  
 “ fatigue which accompanies dissembling,  
 “ and by that exaggeration, which is the  
 “ certain mark of an unnatural sentiment ;  
 “ but true virtue well maintained, will al-  
 “ ways be one of the greatest helps, and  
 “ one of the firmest supports of a minister.”

If



If however, after all that has been said, that the bargain is irrevocable,—that honour is pledged for it ;—then, as “ the choice of evils,” let it remain but for one year, to which the present contractors have, so far, an unquestionable claim, if they are the highest bidders ;—but who, when not having an engagement for the lottery and loan for the following year, would therefore be compelled to dispose of their stock at a fair price, lest those who might follow them, should get possession of the market.—By this adjustment, the nation would have the benefit of the operation of time on its growing prosperity, and the injurious consequences be considerably lessened.

In concluding the considerations on this subject, to justify the principles and reasonings therein, and to shew how well founded they are in the judgment of one of the most honest and enlightened Geniuses in this walk of ministerial employment, we shall

shall beg leave to make the following quotations.

——“ The great advantage of reimbursements, is to support public credit, and to contribute to the lowering of interest ; but we should not be able to produce this effect, or at least we should fall short of the end aimed at, if while we were carrying these reimbursements too far, we neglected to estimate the the reasonable proportion of the public contributions. All the transactions of administration should be mild and easy, so that the limits of its resources may never be perceived, and that it may be constantly seconded by imagination, that great first mover of public opinion, and of the confidence of mankind.

“ The full vigour of public credit, and the low rate of interest which is its natural consequence, are the most efficacious aids towards attaining a diminution of the public debts ; this operation is

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“ con-

“ connected with a regard for the contri-  
 “ butaries, and yet preserves to the state,  
 “ all the advantages resulting from the in-  
 “ fluence of time. In fact, from the mo-  
 “ ment that interest of money falls below  
 “ the rate actually paid by the Sovereign  
 “ for the capitals he owes, *government has it*  
 “ *in its power to induce the proprietors of the*  
 “ *public funds to subscribe voluntarily to the*  
 “ *reduction of the interest on those funds.*  
 “ *But to make this operation lawful, the sove-*  
 “ *reign must offer to those who should refuse*  
 “ *to submit to such reduction, the payment*  
 “ *of their capitals ; and it is a mistake to*  
 “ *imagine that such arrangements would re-*  
 “ *quire extraordinary resources on the part of*  
 “ *government, and such as could not be expect-*  
 “ *ed in the common course of affairs.*

————“ Administration might offer  
 “ to pay it off at a given time, with  
 “ exception of such proprietors as should  
 “ consent to a reduction of an half per  
 “ cent. on the interest; and it is high-  
 “ ly probable, that the major part, not  
 “ ob-



“ observing any opportunity to place their  
 “ money out to greater, or even to equal  
 “ advantage, would subscribe to the  
 “ proposed reduction. This operation  
 “ being thus finished, and the fund destin-  
 “ ed for it, thereby remaining nearly en-  
 “ tire in the royal treasury ; the same mea-  
 “ sure might be pursued with a second  
 “ portion of the public debts ; and by con-  
 “ tinuing to act in this manner, the sums  
 “ reserved, (owing to many of the pro-  
 “ prietors accepting the stipulated reduc-  
 “ tions of interest) would perhaps be suffi-  
 “ cient to carry the execution of the plan  
 “ adopted, to a very great extent. In fine,  
 “ by constantly observing the price of the  
 “ public funds, the same means might be  
 “ employed to reduce the interest. Un-  
 “ doubtedly administration must be sup-  
 “ ported throughout by public confidence,  
 “ but that confidence would be kept up,  
 “ by the *very transactions themselves*, after  
 “ the first assistance given to them.” *Necker.*

F I N I S.

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